



THE SECRETARY OF THE INTERIOR
WASHINGTON

JUN 05 2008

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The Honorable Claire McCaskill
United States Senate
Washington, DC 20510-2507

Dear Senator McCaskill:

I am pleased to notify you that on June 12, 2008, the Department of the Interior will issue payments to eligible governments in your State for Fiscal Year 2008 under the Payments in Lieu of Taxes (PILT) Program. Nationwide, the Department will pay \$228.5 million to compensate nearly 1,850 units of local government.

PILT payments help these communities fund important services, including emergency response, public schools, and roads. The PILT Program supports productive relationships with local communities, and helps offset foregone tax revenues to counties that encompass Federal lands.

The payments are authorized by the Payments in Lieu of Taxes Act, 31 U.S.C. 6901-6907, as amended. Fluctuations in county PILT payments occur from year to year as a result of changes in the amount appropriated, the level of revenue payments made to counties that are deducted to compute the PILT payment, and the amount that a county receives under Sections 6904 and 6905 of the PILT Act. Sections 6904 and 6905 provide additional payments to counties for lands added to the National Park System and the National Forest Wilderness areas.

Payment amounts to counties also change on an annual basis as a result of inflationary adjustments. The PILT statute requires that the variables used to compute each county's payment, such as per acre and population amounts, be adjusted for inflation annually in accordance with data supplied by the Bureau of Labor Statistics. As a result of this formula set by law, counties with populations greater than or equal to 50,000 receive about 40 percent of total PILT funds. Counties with populations of less than 50,000 receive about 60 percent of total PILT funds.

We understand the need for counties to receive these payments in a timely manner. For the seventh consecutive year, we plan to make payments in advance of the end of the counties' fiscal year, June 30. The local governments within your State will be notified directly as to the payments they will be receiving. The enclosed materials answer questions about the Payments in Lieu of Taxes Program and show the payment that each eligible unit of local government in your State will receive. Additional information about the amounts counties are receiving and other pertinent information are available at <http://www.doi.gov/budget/pilt>.

Sincerely,

DIRK KEMPTHORNE

Enclosure